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Dental Pay-for-Quality (P4Q) Program

EFFECTIVE DATE

September 1, 2017

Version 2.0

DOCUMENT HISTORY LOG

STATUS ¹	DOCUMENT REVISION ²	EFFECTIVE DATE	DESCRIPTION ³
Baseline	2.0	September 1, 2017	Initial version Uniform Managed Care Manual Chapter 6.2.15 "Dental Pay-for-Quality Program" Version 2.0 applies to contracts issued as a result of HHSC RFP number X29-12-0003.
<p>¹ Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions</p> <p>² Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., "1.2" refers to the first version of the document and the second revision.</p> <p>³ Brief description of the changes to the document made in the revision.</p>			

**Dental Pay-for-Quality (P4Q) Program**

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September 1, 2017**Version 2.0****New UCM Chapter: 6.2.15 Dental Pay-for-Quality Program****I. Applicability of Chapter 6.2.15**

This chapter applies to Dental Contractors providing Texas Medicaid and CHIP Dental Services to Members through dental health plans.

II. 2018 and Forward Dental P4Q Program

HHSC expects the Dental Contractors providing Texas Medicaid and CHIP dental services to continually improve performance to ensure Members are receiving quality care and services. This chapter details the methodology and measures for the dental Pay-for-Quality (P4Q) program beginning with calendar year 2018 data. The model defined in this UCM chapter will continue to apply to the measurement years that follow unless superseded by subsequent amendments to this chapter.

A. Measures

The measures included in the dental P4Q program beginning calendar year 2018 are listed in Table 1 below. These measures apply to both the Children's Medicaid Dental Services and CHIP Dental Services programs. Technical specifications for these measures can be found at the Dental Quality Alliance website¹. HHSC will use the most updated version of the measure specifications in effect as of January 1 of the measurement year.

Table 1. Measures for Dental Pay-for-Quality Program

Measure	Description	Medicaid Age	CHIP Age
DQA Oral Evaluation, Dental Services	Percentage of enrolled children: <ul style="list-style-type: none">who received a comprehensive or periodic oral evaluation within the reporting year²	0-20 years	0-18 years

¹ Dental Quality Alliance website: <http://www.ada.org/en/science-research/dental-quality-alliance>

² For the dental P4Q program, the reporting year is the measurement year.



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DQA Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services	Percentage of enrolled children: <ul style="list-style-type: none"> at “elevated” risk for cavities (i.e. “moderate” or “high”) and received at least 2 topical fluoride applications within the reporting year 	1-20 years	1-18 years
DQA Sealants for 6-9 year-old Children at Elevated Risk, Dental Services	Percentage of enrolled children: <ul style="list-style-type: none"> at “elevated” risk for cavities (i.e. “moderate” or “high”) and received a sealant on a permanent tooth within the reporting year 	6-9 years	6-9 years
DQA Sealants for 10-14 year-old Children at Elevated Risk, Dental Services	Percentage of enrolled children: <ul style="list-style-type: none"> at “elevated” risk for cavities (i.e. “moderate” or “high”) and received a sealant on a permanent second molar tooth within the reporting year 	10-14 years	10-14 years

B. Methodology

Beginning in calendar year 2018, the Dental Contractors will receive their baseline capitation with no up-front adjustment for potential increased utilization. In each calendar year, 1.5 percent of each Dental Contractor’s capitation is at-risk. If a Dental Contractor’s performance decreases beyond a certain threshold amount on the dental P4Q measures, HHSC will recoup up to 1.5% of the original baseline capitation.

One measurement year’s performance will be based on changes from rates two years prior, which will be referred to as the reference year. For example, for measurement year 2018 the reference year is calendar year 2016.

Likewise, as long as the net result of aggregating the results of all individual measures is greater than or equal to zero, HHSC will not recoup. If one Dental Contractor’s performance decreases such that its capitation is subject to recoupment, the funds recouped will be available as an additional distribution payment to other Dental Contractors. A Dental Contractor would only be eligible to receive an additional



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disbursement if its net performance across all Medicaid and CHIP measurements yields a greater than zero result in the final calculation.

HHSC may annually review, and may change, aspects of the methodology such as the costs used in the program and the upper threshold of the neutral zone based on prior statewide performance. Any changes to the methodology will be communicated by HHSC before the beginning of the measurement year that it pertains to.

1. Neutral zone

For every measure, there is a "neutral zone" describing the range of performance in the measurement year for which there will be no recoupment or disbursement. For measurement year 2018, no recoupment will be assessed for performance on a measure unless the measurement year rate is equal to or less than -0.5 percent from the reference year rate. The -0.5 percent from the reference year rate will only be applicable in 2018 to allow for adjustments to the new model. In 2019 and forward, the lower threshold of the neutral zone will be the reference year rate.

To be eligible for a disbursement, performance on a measure must be greater than an upper threshold of the neutral zone, which is shown in Table 2. The upper threshold of the neutral zone is calculated based on the state program rate historic two-year performance on the measure + 0.5 percent, but will never be set at more than three percent. The general concept of the neutral zone for 2018 as related to recouped or disbursed funds is shown in Figure 1 below.



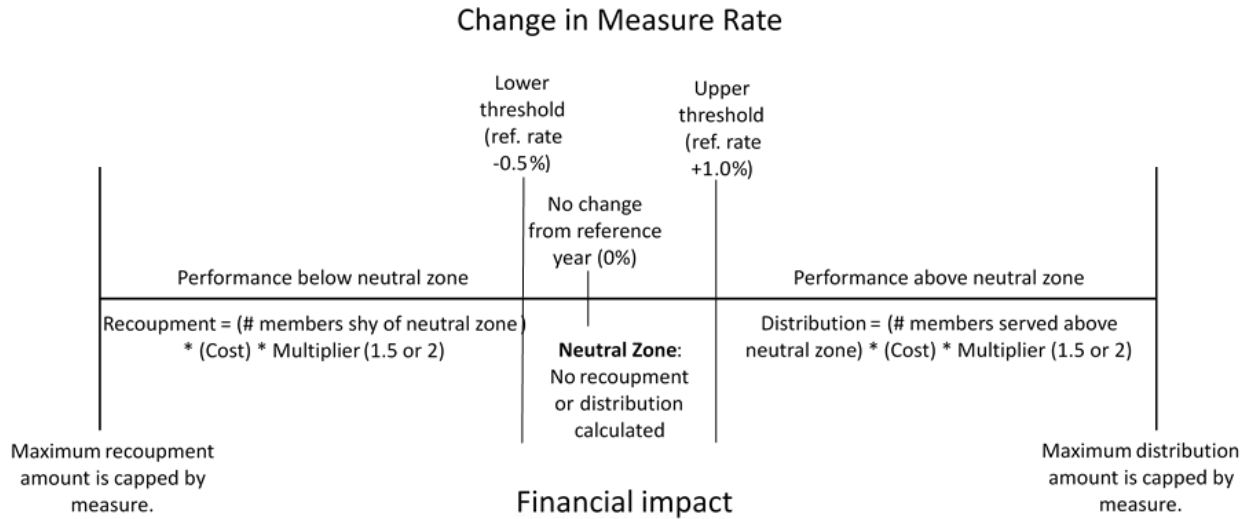
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Figure 1. Recoupment and Earned Capitation Calculated for One Measure*



*The diagram above shows a range of the neutral zone of -0.5%<measurement year rate<1%. The actual neutral zone varies by measure.

For measure rates above the upper threshold of the neutral zone, distribution funds will be calculated by multiplying the number of Members above the neutral zone by a per-member cost by a multiplier, as shown in Table 2. For measure rates below the lower threshold of the neutral zone, recoupments will be calculated by multiplying the number of Members below the neutral zone by a per-member cost by a multiplier, also as shown in Table 2. The average per-member cost data was calculated by HHSC's actuaries and was based on statewide dental data. HHSC chose larger multipliers for measures that apply to a small, targeted population (such as members at elevated risk for dental caries) than for larger populations (such as all members) of the measurement year.

Table 2. Medicaid: Aspects of Methodology As They Apply to Each Measure

Measure	Neutral zone (compared to reference year rate)	Average Per- Member Cost of Service	Multiplier	For each Member below/above neutral zone, recoupment/ distribution is multiplier times average cost.	Cap on recoupment or distribution
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DQA Oral Evaluation, Dental Services	-0.5% to 2.0%	\$83	1.5	= \$83 * 1.5	1% capitation
DQA Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services	-0.5% to 3.0%	\$29	2	= \$29 * 2	0.25% capitation
DQA Sealants for 6-9 year-old Children at Elevated Risk, Dental Services	-0.5% to 1.5%	\$79	2	= \$79 * 2	0.125% capitation
DQA Sealants for 10-14 year-old Children at Elevated Risk, Dental Services	-0.5% to 1.5%	\$63	2	= \$63 * 2	0.125% capitation



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Table 3. CHIP: Aspects of Methodology As They Apply to Each Measure

Measure	Neutral zone (compared to reference year rate)	Average Per- Member Cost of Service	Multiplier	For each Member below/above neutral zone, recoupment/ distribution is multiplier times average cost.	Cap on recoupment or distribution ³
DQA Oral Evaluation, Dental Services	-0.5% to 3.0%	\$42	1.5	= \$42 * 1.5	1% capitation
DQA Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services	-0.5% to 3.0%	\$30	2	= \$30 * 2	0.25% capitation
DQA Sealants for 6-9 year-old Children at Elevated Risk, Dental Services	-0.5% to 1%	\$81	2	= \$81 * 2	0.125% capitation
DQA Sealants for 10-14 year- old Children at Elevated	-0.5% to 1%	\$66	2	= \$66 * 2	0.125% capitation

³ The cap applies to each Dental Contractor's own Premium Payments and applies separately to Children's Medicaid Dental Services and to CHIP.



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Risk, Dental Services					
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2. Example of a Recoupment

This is an example using a fictitious denominator and reference year rate to show how a recoupment is calculated for a single measure.

In Table 4, Dental Contractor A would need to serve 1,500,000 out of its 2,500,000 eligible Members in 2018 to match the reference year's Medicaid oral evaluation rate (60 percent). The neutral zone for this measure is between 59.5 percent and 62 percent.

Table 4. Dental Contractor A: Oral Evaluation for Children at Elevated Caries Risk, Dental Health Services Measure in Medicaid

2016 Rate	Lower Threshold of Neutral Zone Rate	Lower Threshold Count	Upper Threshold of Neutral Zone Rate	Upper Threshold Count	2018 Rate (Actual)	2018 Count Below Neutral Zone
60.00%	59.50%	1,487,500	62.00%	1,550,000	59.46%	1,000

The lower threshold of the neutral zone, or 59.5 percent of the 2018 denominator, equals 1,487,500 children. Dental Contractor A serves 1,486,500 children in the oral evaluation measure, which is 1,000 children less than the lower threshold of the neutral zone.

The recoupment calculated for this measure is:

$$(1,000 \text{ Members}) * (\$83) * (1.5 \text{ multiplier for the oral evaluation measure}) =$$

Recoupment of \$124,500.00

The recoupment is capped by each measure. In this example, the maximum recoupment that could be calculated would be one percent of Dental Contractor A's Medicaid capitation.

3. Example of Distribution

This is an example using a fictitious denominator and reference year rate to show how a distribution is calculated for a single measure.



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In Table 5, Dental Contractor A would need to serve 720,000 of its 1,800,000 eligible Members in 2018 to match the reference year's Medicaid topical fluoride rate (40 percent). The neutral zone for this measure is between 39.5 percent and 43 percent.

Table 5. Dental Contractor A: Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services Measure in Medicaid

2016 Rate	Lower Threshold of Neutral Zone Rate	Lower Threshold Count	Upper Threshold of Neutral Zone Rate	Upper Threshold Count	2018 Rate (Actual)	2018 Count Above Neutral Zone
40.00%	39.50%	711,000	43.00%	774,000	43.05%	1,000

The upper threshold of the neutral zone, or 43 percent of the 2018 denominator, equals 774,000 children. Dental Contractor A serves 775,000 eligible Members, which is 1,000 more than the upper threshold of the neutral zone.

The distribution calculated for this measure =

$$(1,000 \text{ Members}) * (\$29) * (2 \text{ multiplier for the topical fluoride measure}) =$$

Earned Capitation of \$58,000.00

The distribution is capped by each measure. In this example, the maximum distribution that could be calculated would be 0.25 percent of Dental Contractor A's Medicaid capitation.

4. Final Calculations

After a financial result for each measure is calculated, these are added together for each plan. Using the two examples above and other hypothetical data, the grand total for Dental Contractor A might be added up as follows:



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Program	Measure	Recoupment or Earned Capitation for Each Measure
Medicaid	DQA Oral Evaluation, Dental Services	-\$124,500.00
Medicaid	DQA Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services	\$58,000.00
Medicaid	DQA Sealants for 6-9 year-old Children at Elevated Risk, Dental Services	\$0.00
Medicaid	DQA Sealants for 10-14 year-old Children at Elevated Risk, Dental Services	\$0.00
CHIP	DQA Oral Evaluation, Dental Services	\$101,500.00
CHIP	DQA Topical Fluoride for Children at Elevated Caries Risk, Dental Health Services	\$70,456.00
CHIP	DQA Sealants for 6-9 year-old Children at Elevated Risk, Dental Services	\$0.00
CHIP	DQA Sealants for 10-14 year-old Children at Elevated Risk, Dental Services	\$52,000.00
Grand Total	All Measures	\$157,456.00



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The table above provides an example of a grand total that is positive. When the distributions and recoupments for performance on the three different measures in both programs are added together, the grand total may be:

- \$0 = No overall recoupment or distribution
- Negative = Recoupment overall (capped at 1.5 percent capitation)
- Positive = No recoupment; eligible for distribution payment above at-risk capitation

Please note: There is no guarantee that any distribution payment funds will be available above the plan's own at-risk capitation. The Dental Contractor can only receive funds above its own at-risk capitation if funds are available due to recoupment from other Dental Contractors.

Table 6. HHS Action Based on Dental Contractor's Performance

Performance	Declines	No Change	Improves
HHS Action	Recoup amount from baseline capitation (capped at 1.5% of capitation)	Do not recoup.	Do not recoup. *Additional distribution only if funds are available due to recoupment from other plan.
Dental Plan Receives	<div>Recoupment</div> <div>< Baseline capitation</div>	Baseline capitation	<div>Additional distribution</div> <div>Baseline capitation</div>

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This is a continuation of the example described earlier in the chapter. In this example, there are only two dental contractors: Dental Contractor A and Dental Contractor B. A financial amount is calculated for Dental Contractor A for performance on each measure (amount for each measure may be positive, \$0, or negative) in Medicaid and CHIP. The positive or negative amount calculated for each measure is capped as defined in Table 2.

Following the example provided above, the grand total dollar amount for Dental Contractor A is a positive number: \$157,456. This means that Dental Contractor A is eligible to earn up to \$157,456 above its at-risk capitation if it's available due to recoupment from Dental Contractor B. The amount it will actually receive will depend on the amount of money that is available due to recoupment from the other plan, as illustrated below:

- If HHSC recouped more than \$157,456 from Dental Contractor B (for example, \$300,000), then Dental Contractor A would receive \$157,456 of the recouped funds.
- If HHSC recouped less than \$157,456 from Dental Contractor B (for example, \$50,000), then Dental Contractor A would earn the money that is available (\$50,000).
- If HHSC recouped nothing from Dental Contractor B, then Dental Contractor A would receive nothing above its own at-risk capitation.

C. Dental Pay-for-Quality Recoupment and Distribution

In the dental P4Q program, a portion of each dental health plan's capitation is held at-risk and is subject to recoupment based on the Dental Contractors' performance, as described in this chapter. In measurement years 2018 and forward, Dental Contractors are also eligible to potentially receive a distribution of funds, as described in this chapter. The process that will be used to recoup and distribute funds based on Dental Contractors' dental P4Q performance is described below.

When dental P4Q results for a given measurement year have been calculated, HHSC will send participating Dental Contractors their measurement results and amounts to be recouped or distributed. The Members attributed to each Dental Contractor for the purposes of dental P4Q measure results will be determined using the Premium Payment System (PPS) file. Capitation amounts used for the financial at-risk calculations will also be based on the PPS file.



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HHS will provide the Dental Contractors with a period of time, no less than 15 business days, to communicate concerns or discrepancies regarding the results, or to request Member level data. If Member level data is requested, the cost associated with pulling the data is the responsibility of the requesting Dental Contractor. Once a Dental Contractor receives the Member level data, any concerns must be communicated to HHS within 15 business days. After this date, HHS will communicate the final determination of the amount to be recouped or distributed. For recoupment, this communication will include an address for payment to HHS, and a deadline by which any Dental Contractors that are subject to recoupment must pay HHS. The deadline stated by HHSC will not be less than 22 business days from the time of notification of the final determination. Unless HHSC specifies otherwise in its notice, the recoupment payment must be made by check.

For distribution of funds for improvement, the communication will request for the Dental Contractor to supply HHSC with the address and account information necessary to process the distribution. HHSC must receive all recoupments from all Dental Contractors before HHSC will make any distributions to any dental health plans.

Any questions regarding the dental P4Q program may be sent to the following e-mail address: MCD_managed_care_quality@hhsc.state.tx.us.

D. Glossary

Term	Definition
Capitation At-Risk	<p>Maximum percent of DMO's capitation that may be recouped based on performance.</p> <ul style="list-style-type: none"> For 2018 P4Q Measurement Year, 1.5% capitation is at-risk
Lower Threshold of Neutral Zone	<p>For 2018, the lower threshold of the neutral zone is the reference year rate minus 0.5%. Any performance below the lower threshold will be subject to recoupment.</p> <ul style="list-style-type: none"> Example: For 2018 P4Q, a DMO has a rate of 23% on Medicaid oral evaluations in the reference year. To calculate the lower threshold of the neutral zone for that DMO on that measure, subtract 0.5% from 23%. $23\% - 0.5\% = 22.5\%$ <p>The lower threshold for this DMO on the Medicaid oral evaluation for the 2018 measurement year is 22.5%.</p>



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	<p>For 2019 and beyond, the lower threshold of the neutral zone is the reference year rate. Any performance below the lower threshold will be subject to recoupment.</p> <ul style="list-style-type: none"> Example: For 2019 P4Q, a DMO has a rate of 25% on Medicaid oral evaluations in the reference year. The lower threshold for this DMO on the Medicaid oral evaluation for the 2019 measurement year is 25%.
Measurement Year	<p>Calendar year in which DMOs are evaluated and the year of capitation at-risk.</p> <ul style="list-style-type: none"> Example: 2018 P4Q Measurement Year assesses performance in calendar year 2018, and HHSC will recoup or distribute earnings based on the calendar year 2018 capitation.
Multiplier	<p>The multipliers were determined to cover the cost of the service plus expected cost of outreach to Members.</p>
Neutral Zone	<p>The amount of fluctuation in performance that does not result in being eligible for an additional distribution payment or recoupment.</p> <ul style="list-style-type: none"> Example: For 2018 P4Q, the Medicaid oral evaluation measure has a "Neutral Zone" of -0.5% to 2%. If a DMO's performance in the reference year on this measure is 23%, the neutral zone for the measurement year will be 22.5% to 25%. If the DMO performs within the neutral zone for the measurement year, there will be no recoupment or additional distribution earnings for this measure.
Reference Year	<p>The year two years prior to the measurement year. The measurement year rates will be compared to the reference year rates to determine performance.</p> <ul style="list-style-type: none"> Example: For 2018, the reference year is 2016. Each DMO's 2018 performance will be compared to their rates in the reference year (2016) to determine performance.



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State Program Rate

The state program rate is the average performance of Providers in the state for that year, on that measure. These rates are available on the Texas Healthcare Learning Collaborative website: <https://thlcportal.com>

Upper Threshold of Neutral Zone

The upper threshold of the neutral zone is calculated by looking at the state program rate's historic two-year performance the two years immediately preceding the reference year, on the measure rate + 0.5 percent, but will never be set at more than three percent. Any performance over the upper threshold of the neutral zone will be eligible for an additional distribution.

- Example: For 2018, the state rate had an average improvement of 2% on the Medicaid oral evaluation measure over a two year period. To calculate the upper threshold of the neutral zone, the average historic change is added to 0.5%. Then, that number is applied to the reference year rate.

Reference year rate = 25%

Average change in the state rate = 2%

$2\% + 0.5\% = 2.5\%$

$25\% + 2.5\% = 27.5\%$

The upper threshold of the neutral zone for DMO A on the Medicaid oral evaluation measure is 27.5%.